

**EXHIBIT 20**  
**-**  
**REDACTED VERSION OF**  
**ECF NO. 320-13**

# EXHIBIT 12

**To:** Randy Klein[rklein@ufc.com]  
**Cc:** Kirk Hendrick[khendrick@ufc.com]; Lorenzo Fertitta[lfertitta@ufc.com]  
**From:** Lawrence Epstein  
**Sent:** Wed 12/24/2008 6:56:55 PM  
**Importance:** Normal  
**Subject:** RE: UFC letting MMA Elite back in the Octagon  
**Received:** Wed 12/24/2008 6:56:56 PM

First you tell them that we are not supporting MMA Elite. We are requiring them to pay to get into the Octagon. They have become an "approved sponsor." Would our licensee prefer that we let them get exposure in our show for free? Second this is a short term deal. We will make at least 300K for 5 months and get promotion for our PPV's on hang tags. They also will be buying sponsorship inventory around our events. If we renew these guys will be paying us much more money. Certainly as much as Tapout.

Not sure there is much we can do now, though we have not signed a deal. I have copied Kirk on this for his thoughts. The problem like with the Jakks situation is we let competitors get in with our fighters and beat us to the punch at retail. For example MMA Elite is paying Rampage 50K per event with a 200K guarantee. As soon as we cancel ban MMA elite, he will be asking us to reimburse him. So we have 3 choices as I see it: 1) Status Quo or letting all these brands pay us no money and build their businesses for free, 2) Ban everything and damage our relationships with fighters, or 3) somewhere in the middle. The deal with MMA Elite is a 5 month test to see if we can tax these brands for coming into the Octagon. I am not sure it will work, but no one else is getting me any ideas about how to deal with this complicated situation. If we had a plan for putting product in Walmart that we were ready to execute this would be any easy decision, but we don't and probably won't before the end of May.

Call so we can discuss this further.

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**From:** Randy Klein  
**Sent:** Wednesday, December 24, 2008 9:32 AM  
**To:** Lawrence Epstein  
**Subject:** UFC letting MMA Elite back in the Octagon

Lawrence,

Just saw this article and Chad and I are receiving calls from our licensees confused about our support of MMA Elite

Apparel is no different than toy category. We're giving these brands life, but do we have to when our brand should be the preferred brand of choice at retail? We have licensees that are paying us advances and royalties each month, but on the other end supporting their competition. This is a conflict of interest. I know things are complicated because this is sponsorship dollars and money in the pockets of our fighters, but it creates confusion for our merchandise program and we lose credibility with the people we're doing business with. Everything that Tap Out, MMA Elite are doing at retail should be the UFC brand strategy.

Apparel is 40% of a licensing program. Millions of dollars in revenue are at stake when we take short term dollars over a longer term UFC branded approach. There's more confusion within our licensing program when we give our licensees creative direction on how we want the UFC brand to look, but yet promote our PPV's on apparel (MMA Elite) that looks like anything but what we want to be associated with at retail.. MMA Elite product has nothing to do with MMA and is very trendy and lifestylsh. Our strategy should be to support our licensees and the UFC brand so we can control retail space. Our licensees earn the millions of dollars at retail, pay us all the royalties and have the revenue to create marketing budgets like Tap Out. This is how they find the money to pay sponsorship dollars to the UFC and fighters. The WWE has the same strategy, control what the fighters wear and then market and sell it through their empire and reap the rewards.

Last, some of fighters are suing Mike DiSabato because of his unethical business practices so why would we want to be in bed with this guy? The long term dollars made through our licensing program can far exceed the \$300,000 we're taking in short term if we build the UFC brand in Wal-Mart and other retailers.

I wanted to get your thoughts on this first to see if we change our strategy.

Randy

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## Cage Fighter Nearing Re-Entry Into Octagon

December 23, 2008

Conspicuous in their display during last night's Countdown to UFC 92 was the Cage Fighter clothing brand. Cage Fighter is the best known of the brands from MMA clothier MMA Authentics. In a well publicized falling out with MMA Authentics, Cage Fighter and its' sister brands were banned from the Octagon and any UFC related events. The dispute centered on MMA Authentics MMA Elite brand beating out the UFC for shelf space at Wal Mart. The prominent display of the brand during Countdown is the latest sign of a lessening in tensions between the UFC and the clothing brand.

Despite being banned from the Octagon, the lines of communication between the fight promotion and the clothing company have remained open. MMA Payot.com has learned negotiations heated up between the two in consultations in and around the TUF 8 Finale card and have been heavy since. A deal between the two seems imminent, with negotiations already being in place for several athletes to possibly wear Cage Fighter into the Ring for UFC 92, including Rampage Jackson.

MMA Payout.com has also learned Cage Fighter/ MMA Authentics is trying to lock up exclusive lifestyle apparel rights for UFC. The TapouT brand would still be a cornerstone of the UFC's apparel strategy, with the co-existence of TapouT and Cage Fighter merely being a case of semantics. The terms of the possible deal are unknown, but a similar deal between the UFC and TapouT for exclusive promotional rights is rumored to involve the UFC taking profit participation points from TapouT.

Written by [Robert Joyner](#) · Filed Under [Apparel](#), [Featured](#), [UFC](#), [sponsorships](#)

Tagged:

**Randy Klein**

**Vice President Licensing and Merchandising**

**UFC- Ultimate Fighting Championship**

**P.O. Box 26959**

**Las Vegas, Nevada 89126-0959**

[REDACTED]

**32131 Lindero Canyon Road #212**

**Westlake Village, CA 91361**

[REDACTED]